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INDUSTRIAL AND FINANCIAL PLAN OF
SOVIET CONSTRUCTION-PLANNING ORGANIZATIONS

K. K. Vinogradov

[The following information is taken from chapters II through VII of
Vinogradov's book.]

The industrial and financial plan (promfinplan) of a construction-planning (proyeektnyy) organization consists of the following divisions: production program, plan for labor and wages, production estimate, plan for an organization's own capital investment and capital repair, and financial plan.

Production Program

The core of the planning organization's industrial and financial plan is the production program, which covers the work of all the organization's subdivisions and determines the nature and volume of the work.

The first step in planning production is to determine the type and volume of work to be done by construction-planning and field (proyeektnoizyskatel'skikh) organizations.

The planning organization's production program is prepared according to Form 1 and is based on contracts for planning and field work, including work to be completed by subcontractors.

Form 1 has 14 columns:

Column 1 shows the numerical designation of each contract.

Column 2 contains the full name of the client. If more than one contract has been concluded with any one client, the name of that client will appear opposite each agreement.

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Column 3 briefly describes the work specified by the contract.

Column 4 shows the date when the work is to be fully completed. This date is established either by contract or by supplementary agreement.

Column 5 shows the estimated cost of production for each contract. If a more exact cost of production is stipulated for any contract under a supplementary agreement, this more exact cost should be indicated.

Column 6 gives the total cost of the production completed as of the beginning of the current year (i.e., the production completed in the year preceding the one being planned).

Column 7 shows the planned cost for the current year according to the contract. In those instances where a contract calls for completion of the work during the current year (as indicated in Column 4) Column 7 should give the difference between the total estimated cost of production (Column 5) and the cost of production completed on 1 January of the current year (Column 6).

Column 8 presents the contract cost of work completed from 1 January of the current year to the final date for submitting accounts and is based on accounting data.

Column 9 indicates the expected completion during the current year.

Column 10 gives the plan for the planned year and Columns 11-14 the breakdown of this plan into quarters.

In all instances the volume of work is presented in contract prices which are taken from a price list.

In those instances when it is possible to fulfill the contracted work ahead of schedule, the director of the organization will decide which work is to be completed on time and which is to be completed before the specified dates.

FORM 1. PRODUCTION PROGRAM

~~For Planning and Field Work, Completed by~~

For 194__

No of Each Contract	Client's Name	Type of Work	Completion date of Contracted Work	Total Cost of Production	Work Completed on 1 Jan 194__	Plan for 194__ (Current Yr)	Scheduled Work Completed From First of Yr on 1__ 194__	Expected Completion During 194__	Plan for 194__ (Planned Yr)	Plan for 194__ by Quarters			
1	2	3	4	5	6	7	8	9	10	I	II	III	IV
1	2	3	4	5	6	7	8	9	10	11	12	13	14

Total

194__

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Plan for Labor and Wages

The most important aspect of the industrial and financial plan is the plan for labor and wages. This plan is concerned with problems of labor productivity, the number of workers needed, and the funds available for wages. It is drawn up according to Form 2.

An increase in labor productivity results in lower production costs and in a decrease of manpower needs, thus influencing the rate of increase in the volume of completed work.

Two elements which have a direct bearing on labor productivity are wages and the efficient organization of labor (labor discipline, efficient distribution of manpower, economic utilization of time, etc.).

As a rule, an increase in labor productivity is accompanied by an increase in the workers' average wages, and, if the number of workers remains the same, an increase in total wages will result. However, a proper wage system will assure that the increase in the average wage will be lower than the increase in the average output. This, in turn, will result in a lower cost of production.

Standardization of work is extremely important if the necessary relationship between labor productivity and wages is to be guaranteed. Technical standardization in planning and field work establishes the number of man-days (hours) needed to complete each phase of the work. It also provides a basis for calculating the total number of man-days required to complete the production program.

A plan for labor and wages is based on the production program and on the technical production indexes for previous periods (output, wages, etc.).

The following is an explanation of the items in the plan for labor and wages (Form 2):

Line 1 shows the full volume of planning and field work being completed by a given organization, including work being fulfilled under subcontracts; this should correspond to the production program (per Form 1).

Line 2 represents the volume of work being done by the organization itself. The indexes for this line are obtained by deducting the volume of work being fulfilled under subcontracts from the total volume of work.

All indexes for the labor and wage plan are derived from the volume of work carried out by the organization's own employees.

The average daily output (Line 3) and the average daily wage (Line 4) are determined on the basis of the following: nature of the planned work, utilization of working time based on existing norms, amount of wages based on existing rates, and price-list cost of the work being done.

Example:

Nature of the planned work -- working out of a planning schedule with a financial estimate.

Utilization of working time based on existing norms -- 30 man-days.

Amount of wages based on existing rates -- 1,580 rubles.

Price-list cost of the work being done -- 2,550 rubles.

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Thus, the output for one man-day amounts to 85 rubles, while wages amount to 52 rubles and 70 kopecks, or 62 percent of the output.

The number of work days per year (quarter or month of Line 5) have to be ascertained in order to determine the number of production personnel needed.

The number of work days is determined by subtracting the number of days lost due to rest, illness, leave and fulfillment of governmental duties from the total number of calendar days. There are 60 days of rest per year.

Leave time for the planning organization's production personnel is, on the average, 18 days. Absence from work due to illness or the fulfillment of governmental and public duties is set, on the average, at 2 percent of the calendar time, or 5 days a year.

Thus, the number of work days which should be considered in the yearly plan is 282, which in turn is broken down into quarters as follows: first quarter, 70 days; second quarter, 70 days; third quarter, 72 days; fourth quarter, 70 days.

Line 6. The necessary number of working man-days is determined by dividing the volume of work performed by the organization (Line 2) by the average daily output of one production worker (Line 3).

Example:

Volume of work performed by the organization -- 1,500,000.

Average daily output -- 85 rubles.

The necessary number of working man-days is then derived:
 $1,500,000 \div 85 = 17,647$.

Line 7. The number of production personnel is determined by dividing the necessary number of working man-days (Line 6) by the number of work days (Line 5).

Example:

Necessary number of working man-days -- 17,647.

Number of work days -- 282 days.

The number of production personnel is then derived: $17,647 \div 282 = 63$ men.

Line 8 first presents the total number of personnel included in overhead expenses and then a breakdown of this figure into separate groups of workers (consultants, experts, etc.).

Line 9 shows the number of administrative personnel. The number of these personnel should not exceed the staff approved by the State Staff Commission and registered with the District Finance Division.

Line 10. The basic wage fund for staff production personnel can be set up in two ways: (1) by use of multiple indexes and (2) on the basis of the composition of the planned and field work being done and on the basis of existing norms and rates.

Technically, the first method is simpler, but less accurate. The second method, which is simply an addition of the wages established for each individual aspect of work, gives a wage fund based on the existing norms and rates.

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The following method is used to determine the wage fund by multiple indexes: The contract (or price list) cost of the planning work is comprised of wages of production personnel, overhead expenses, and accumulations. Overhead expenses and planned accumulations are established at 62 percent of wages for planning work. Consequently, the production personnel's share of wages in planning work is computed:

$$\frac{100}{162} \times 100 = 61.73\%$$

The wage fund is derived by multiplying the total of the production program by the share of wages:

Example:

Production program -- 1,500,000 rubles; share of wages -- 61.73 percent. The wage fund of production personnel is then obtained: $1,500,000 \times 61.73 = 926,000$.

Wages for field work comprise 58.82 percent of the contract cost of work.

Line 11. The supplementary wage for production personnel should be in conformity with existing norms. It is set at 8 percent of the basic wages for planning work and at 7.5 percent for field work. This represents 4.94 percent and 4.41 percent, respectively, of the contract cost of planning and field work.

Line 12. Expenses for experts and consultants are established at 1.5 percent of the wages for production personnel, or 0.93 percent of the contract cost for planning work and 0.88 percent for field work. The basic and supplementary wages for consultants and experts, both staff and nonstaff, comprise up to 70 percent of the expenses for consultants and experts. This represents 0.65 percent of the contract cost for planning work and 0.62 percent for field work.

Line 13. The cost of blueprinting is 1.54 percent of the total contract cost for planning work and 0.59 percent for field work. The wages of staff and nonstaff personnel comprise up to 60 percent of the cost of blueprinting work. This corresponds to 0.92 percent of the total contract cost for planning work and 0.35 percent for field work.

Line 14. Expenses for standardization and scientific research are limited to 2.47 percent of the contract cost for planning work and to 2.64 percent for field work. The wages of staff and nonstaff personnel comprise approximately 70 percent of these expenses, or 1.73 percent of the contract price for planning work and 1.85 percent for field work.

Line 15. The cost of materials is 1.86 percent of the contract cost for planning work and 2.06 percent for the field work. The wages of the staff and nonstaff personnel engaged in processing materials (loading, transport, unloading, sorting, storing, paper cutting, etc.) makes up about 30 percent of these expenses; this constitutes 0.56 percent of the contract cost for planning work and 0.62 percent for field work.

Line 16. The administrative expenses (general office and shop expenses) are limited to 12.33 percent of the contract cost for planning work and 17.66 percent for field work. The proportion of wages in the total estimate of administrative expenses is up to 60 percent; this represents 7.4 percent of the contract cost for planning work and 10.6 percent for field work.

Line 17 shows total wages of all staff personnel.

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Line 18 shows wages for nonstaff personnel.

Line 19 gives the total basic and supplementary wages for both staff and non-staff personnel (total of Lines 17 and 18).

It can be seen from the above calculations that total wages for planning work are 78 percent, and for field work 77.5 percent, of the contract (or price list) cost of work. The amount of wages varies from one organization to another, since it is dependent on the nature and volume of planning and field work.

FORM 2. PLAN FOR LABOR AND WAGES

For Planning and Field Work, Completed by

For 194__

Settlement Account No. __

Indexes	Unit of Measurement	Plan for 194 (Current Yr)	Scheduled Work Completed From 1st of Yr on 1 194	Expected Completion During 194	Plan for 194 (Planned yr)	Plan for 194 by Quarters				
						I	II	III	IV	
1	2	3	4	5	6	7	8	9	10	11
1.	Volume of production (production program)	1,000 rubles								
2.	Amount of production completed by the plant itself	1,000 rubles								
3.	Average daily output per production worker	rubles								
4.	Average daily wage per production worker	rubles								
5.	Number of workdays	days								
6.	Required number of workers	man-days								
7.	Number of production personnel	men								

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FORM 2. (Contd)

FORM 2. (Contd)

Indexes	Unit of Measurement	Plan for 194 (Current Yr)	Scheduled Work Completed From 1st of Yr on 1 194	Expected Completion During 194	Plan for 194 (Planned Yr)	Plan for 194 by Quarters				
1	2	3	4	5	6	7	I	II	III	IV
8.	Number of staff personnel listed in overhead expenses	men								
	Including:									
a.	Consultants, experts	men								
b.	Blueprinting personnel	men								
c.	Standardization personnel	men								
9.	Number of administrative economic personnel	men								
10.	Basic wages for staff production personnel	1,000 rubles								
11.	Supplementary wages for staff production personnel	" "								
12.	Basic and supplementary wages for staff consultants and experts	" "								
13.	Basic and supplementary wages for staff blueprinting personnel	" "								
14.	Basic and supplementary wages for staff standardization personnel	" "								
15.	Basic and supplementary wages for staff personnel engaged in reprocessing materials	" "								

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FORM 2 (Contd)

FORM 2 (Contd)

Indexes	Unit of Measurement	Plan for 194 (Current Yr)	Scheduled Work Completed From 1st of Yr on 1 — 194 —	Expected Completion During 194 —	Plan for 194 (Planned Yr)	Plan for 194 by Quarters				
1	2	3	4	5	6	7	I	II	III	IV
16. Wages for administrative-economic personnel	1,000 rubles									
17. Total basic and supplementary wages for all staff personnel	" "									
18. Wage fund for non-staff personnel	" "									
Including:										
a. Nonstaff consultant and expert personnel	" "									
b. Nonstaff technical training personnel	" "									
c. Nonstaff standardization personnel	" "									
d. Remaining nonstaff personnel included in overhead expenses	" "									
19. Total basic and supplementary wages for all staff and nonstaff personnel	" "									

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Chief of Planning and Finance Section

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An example of the various ways in which wages are distributed is shown in the following table:

<u>Wage Category</u>	<u>For Planning Work</u>	<u>For Field Work</u>
1. Basic wage for production personnel	61.73	58.82
2. Supplementary wage for production personnel	4.94	4.41
3. Basic and supplementary wages for consultants and experts	0.65	0.62
4. Basic and supplementary wages for staff and nonstaff personnel engaged in blueprinting work	0.92	0.35
5. Basic and supplementary wages for personnel engaged in standardization work	1.73	1.85
6. Basic and supplementary wages for personnel engaged in processing materials	0.56	0.62
7. Wages for personnel engaged in technical training and other work	0.07	0.23
8. Basic wages for administrative personnel	7.40	10.60
Total	78.00	77.50

Production Estimate

The total of all planned production expenses makes up the production estimate. The planning organization adds up the expenditures of its individual production subdivisions and combines them into a production estimate.

The estimate of production expenditures includes all aspects of work and is based on established norms, rates, and price lists.

The production estimate is based on the production program and on the indexes of the labor plan. Each expense item is substantiated by technical and economic calculations.

The production program establishes expenditure norms for the individual expense items and determines the net cost of the work. It is the basic document used in compiling the financial plan.

The production program is composed of three parts: (1) basic expenditures; (2) overhead expenditures which are limited; (3) special expenditures.

The basic expenditures are the basic wages for production personnel directly engaged in planning and field work. These include the basic wages for planning and field workers, research workers, engineering and technical personnel, and auxiliary production personnel. Wages of engineering, technical, and auxiliary production personnel are limited to a percentage of the wages for planning and field workers and research workers.

For planning work, wages of engineering and technical personnel should not exceed 10 percent of the total wage fund for planning workers, while the wages of auxiliary production personnel should not exceed it by 8 percent. For field

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work, wages of engineering and technical personnel should not exceed 12 percent of the total wage fund for field workers and research workers, while the wages of auxiliary production workers should not exceed it by 6 percent.

Each item of overhead expenses is limited to a percentage of the basic wages for production personnel. For a breakdown of overhead expenses, see Form 3, item B.

Special expenditures are those which are not related to either basic expenditures or to overhead expenses. These are:

1. Expenses for traveling on business (komandirovki proizvodstvennye) for planning work at the construction site.
2. Field shipments.
3. Expenses for transporting groups and expeditions to and from the place of work.
4. Cost of basic materials and expenditures for transportation within the enterprise.
5. Other expenses.

The net cost of production is comprised of basic wages, overhead expenses, and special expenditures. The price lists for planning and field work provide for a planned accumulation of 5 percent of the basic wage of production personnel. The net cost of production and the planned accumulations constitute the list, or contract, price of work.

The production estimate is drawn up as shown in Form 3.

FORM 3. PRODUCTION ESTIMATE

For Planning and Field Work, Completed by

For 194__

(in thousands of rubles)

Items	1	2	Plan for 194 (Current Yr)	Scheduled Work Com- pleted from lat of Yr on 1 194	Expected Comple- tion During 194	Plan for 194 (Planned Yr)	Plan for 194 by Quarters			
							I	II	III	IV
			3	4	5	6	7	8	9	10
A. Basic wages										
1. Basic wage for planning and field workers										
2. Basic wage for research workers										

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FORM 3 (Contd)

Items	1	2	Plan for 194 (Current Yr)	Scheduled Work Com- pleted from 1st of Yr on 1 194	Expected Comple- tion During 194	Plan for 194 (Planned Yr)	Plan for 194 by Quarters				10
							I	II	III	IV	
3. Basic wage for engineering and technical personnel											
4. Basic wage for auxiliary production personnel											
Total basic wages											
B. Overhead expenses											
1. Experts and consultants											
2. Expenses for traveling on business (komandirovki proizvodstvennye)											
3. Camp expenses											
4. Supplementary wage for production personnel											
5. Addition (nachisleniya) to wages for production personnel											
6. Blueprinting work											
7. Cost of materials											
8. Standardization expenses											
9. Depreciation of equipment, production inventory, and tools											
10. Administrative shop expenses											
11. Administrative general office expenses											
Total overhead expenses											
12. Deductions for architectural fund											

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FORM 3 (Contd)

Items	Plan for 194 (Current Yr)	Scheduled Work Com- pleted from 1st of Yr on 1 194	Expected Comple- tion During 194	Plan for 194 (Planned Yr)	I	II	III	IV	
1	2	3	4	5	6	7	8	9	10
C. Special expenditures									
1.	Expenses for traveling on business for planning work at the construction site								
2.	Field shipments								
3.	Expenses for transporting groups and expeditions to and from the place of work								
4.	Cost of basic materials and expenditures for transportation within the enterprise								
5.	Other expenses								
Total specific estimates									
D. Net cost of production									
E. Planned accumulations									
F. List, or contract price									

Director of Planning Organization

Chief of Planning and Finance Section

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Plan for an Organization's Own Capital Investment and Capital Repair

The volume of a planning organization's capital investment is determined on the basis of schedules according to Form 4. The following are indicated for each construction project: (1) construction site; (2) planned capacity; (3) beginning and completion dates of construction; (4) estimated cost; (5) amount of capital investment for the year being planned.

The decree of 23 October 1934 established that Council of People's Commissars USSR approve the construction schedules, provided that the estimated cost (including all wages stipulated by the estimate for the technical plan) did not fall below the following minimum costs:

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For warehouse construction	1 million rubles
For construction of public utilities, housing, and cultural institutions, and for construction of educational and scientific institutions	2 million rubles
For construction of institutions	1 million rubles

The Council of People's Commissars USSR also approves work schedules for construction of new water supply lines, sewerage systems, streetcar lines, and municipal electric power stations of over 500 kilowatts' capacity.

Construction which is included in schedules subject to approval by the Council of Ministers USSR is considered to be above-limits (sverkhlimitny) construction.

In regard to below-limits (nizhelimitnomu) construction at republic and local levels, the councils of people's commissars (now councils of ministers) of the union republics determine which construction projects are to be included in the schedules which they approve; they also determine the order in which the schedules of remaining construction are to be approved. The order in which title lists of such construction projects are approved for planning organizations is determined by the chiefs of the administrations for architectural affairs under the councils of ministers of the union republics.

The funds appropriated for financing capital investments should be spent only for the purpose designated and should be entered on a separate balance sheet. Diverting funds reserved for capital investment for operating needs and vice versa (i.e., using operating funds for capital investments) is a gross violation of financial-budget discipline and is punishable by law.

The funds reserved for financing capital investments are kept separately in special banks (Prombank, Tsekombank, Torgbank, Sel'khozbank) and are released in conformity with the approved schedules.

The resources for financing capital investments are established upon approval of the organization's financial plan.

The method in which capital investments are financed through special banks is established by a decree of the Council of People's Commissars USSR, dated 26 February 1938.

To improve and guarantee the capital repair of machinery, equipment, buildings, and institutions, the Council of People's Commissars USSR issued a decree on 8 January 1938 for the branches of the national economy. This decree established different rates of depreciation deductions and allotments for capital repair in the form of percentages of the cost of fixed assets.

By its decree No 451 of 8 April 1938, the Council of People's Commissars USSR established the following average rates for the planning organizations: 8 percent for depreciation deductions and 4 percent for allotments on capital repair.

Each planning organization sets up its yearly plan for capital repair of its own fixed assets according to Form 5.

In using its depreciation deductions to finance the capital repair of fixed assets, an organization opens a separate account at the branch bank where its settlement account is located. At the end of the month, the planning organization's director has to transfer that part of depreciation deductions designated for capital repair from the settlement account to the special account. The rest of the depreciation deductions are entered in the special bank to finance capital construction according to the plan approved by a higher organization.

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Expenditure of funds for capital repair is carried out according to the annual and quarterly plans which are approved by a higher organization. The director of the planning organization approves financial estimates for capital repair.

FORM 4. PLAN FOR AN ORGANIZATION'S OWN CAPITAL INVESTMENTS

For 194__

(in thousands of rubles)

Name of Project and Location of Construction	Unit of Measurement	Planned Capacity	Construction Begun	Construction Completed	Total Estimated Cost	Completed on 1 Jan 194__	Plan for 194__ (Current Yr)	Scheduled Work Completed From 1st of Yr on 1__ 194__	Expected Completion During 194__	Plan for 194__ (Planned Yr)	Plan for 194__ by Quarters			
											I	II	III	IV
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

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FORM 5. PLAN FOR CAPITAL REPAIR

OF AN ORGANIZATION'S OWN FIXED ASSETS

For 194__

(in thousands of rubles)

Name of Fixed Asset	Value of Fixed Assets on 1 Jan 194__	Value of New Fixed Assets in Operation	Value of Fixed Assets in Operation (Yearly Average)	Percent of Depreciation	Amount of Depreciation During 194__	Volume of Capital Repair During 194__	I	II	III	IV	
1	2	3	4	5	6	7	8	9	10	11	12
1. Buildings and structures for production purposes											
2. Equipment											
3. Construction machinery											
4. Automotive transport											
5. Residential buildings											
6. Buildings and structures for cultural purposes											
7. Other fixed assets											
Totals											

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Financial Plan

The financial plan of every individual enterprise or organization is reflected in the state budget of the USSR. It includes expenditures to complete the planned work, receipts for work done for customers, capital investments, and all other income and expenditures of the organization.

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The planning organization's financial plan is based on the production plan. All data for the financial plan is based on technical and economic calculations of the production plan, the work schedule, the plan for capital investments and capital repair of fixed assets, and on other elements of the production plan.

The principal source of income in the planning organization's financial plan are the receipts from planning and field work done for customers. There are other sources of income, depending on the economic initiative of organization directors; e g , income from the development and sale of standardized equipment, income from services rendered on the side by blueprinting workers and other artisans, etc.

The financial plan is used to properly allocate resources within the organization and expresses the financial aspect of economic operations. It is checked and approved at the same time as the production plan.

The financial plan includes the following: (1) balance sheet of income and expenditures; (2) calculation of working capital; (3) authorized table of salaries and wage (shtatnoye raspisanije) schedule; (4) estimate of administrative expenses.

The balance sheet of income and expenditure is drawn up according to Form 6 and is the best indication of an organization's economic activity in relation to the plan. The income-expenditure balance sheet is essentially a tool of monetary control. If an organization's expenditures exceed its income, its financial framework should be examined; on the other hand, when income exceeds expenditures, some of the working capital can be withdrawn.

The balance of income and expenditure is comprised of three parts: (1) income; (2) expenditures; (3) relation to the budget.

The following is an analysis of the income part of the balance sheet of income and expenditures:

Item A1 provides for receipts from planning and field work completed according to contract prices. This item is calculated in relation to the production program (Form 1). Receipts from work completed in previous quarters are not entered here.

Planned accumulations amounting to 5 percent of the production personnel's wages are provided for in the price lists for planning work, surveying and geodetic work, and engineering and field work, this represents an average of 3 percent of the contract price of these different types of work. Similar percentages should be provided for in the balance sheet of income and expenditures for profits in planning and field work.

Item A2 includes all receipts from the sale of standard plans, tracing paper, blueprints, catalogues, albums, and other materials which are authorized for sale in the established manner.

Item A3 includes receipts from public dwellings (household rent, rent from nonresidential institutions), automotive transport, advice of experts and consultants, as well as all other receipts.

Item A4. The amount of working capital required by a planning organization is determined annually at the time the industrial and financial plan is approved. It is based on the production program and on established norms of working capital. A detailed account of working capital, drawn up according to Form 7, should be added to the balance sheet of income and expenditures. If the working capital should exceed the norms set for the year being planned, the surplus is entered here as a planned decrease in working capital.

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The profit from all phases of the planning organization's activities is entered as a separate item in the balance sheet of income and expenditures.

Item B1 includes all production expenses and shows the net cost of production for planning and field work. The entries in this item are based on the production estimate (Form 3) and should not exceed the receipts for completed planning and field work (item A1) minus the planned profits.

Item B2 shows all expenditures incurred in the sale of standard plans, these expenditures should not exceed the receipts from the sale of these materials (Item A2) minus the planned profit.

Item B3 indicates expenditures for all other aspects of the planning organization's activities. Expenditures listed in this item should not exceed the receipts from other activities (item A3) minus the planned profit.

Item B4 is filled out in accordance with Form 5. As a rule, appropriations for capital repair may not exceed an organization's depreciation deductions. However, under certain circumstances, when it is desired to conserve the working capital, special appropriations may be made for capital repair, in which event they are also entered under this item.

Item B5 shows the estimated volume of capital investments in accordance with Form 4.

Item B6 includes expenditures not provided for in the plan but permissible by a resolution of the Council of People's Commissars USSR on 19 September 1935.

Item B7 contains all expenditures for training labor forces and increasing the qualifications of planning and field workers.

Item B8. For the calculation of the working capital needed, see Item A4. The amount of the working capital needed by an organization may exceed the actual amount on hand, provided it is in accordance with the production program and with existing norms. In this instance, the difference is entered as a necessary increase.

Item B10 shows the total expenditures minus income distributed within the organization (depreciation deductions, mobilization of internal resources, receipts from sale of goods, etc.).

Payments into the budget are divided into three parts: (1) deductions from profits; (2) withdrawals from working capital surplus; (3) other payments.

Deductions from the profits of state enterprises and economic organizations are based on Decree No 15/701 of the Central Executive Committee and the Council of People's Commissars USSR dated 3 September 1931. Deductions are in percentages of planned profits based on the annual balance sheet of income and expenditures and are dependent on the amount of profits and planned expenditures. Planning and field organizations whose profits are not sufficient to cover the planned expenditures also deduct 10 percent of profits for the budget, since an insufficiency of funds is covered by appropriations from the budget. If planned profits exceed planned expenditures, the entire surplus is deducted for the budget, but never less than 10 percent of the planned profit.

A surplus of an organization's own working capital, indicated in Item A4, is deposited into the budget if no other disposition is provided for it elsewhere in the plan. However, if some of the working-capital surplus is to be used to cover expenditures, only the available part of the surplus is deducted for the budget.

All other payments into the budget are shown together in one item.

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Appropriations from the budget to cover an organization's planned expenditures are strictly defined: (1) for capital investment; (2) for training labor forces; (3) for an increase in its own working capital.

Funds for capital investment are allocated by the budget from the following sources: (1) depreciation deductions; (2) profit; (3) mobilization of internal resources.

Thus, appropriations from the budget is one of the means used to finance capital investments, the volume of which is indicated in Item B5.

The training of labor forces is financed exclusively from budget appropriations. The total expenditures for training labor forces is shown in Item B7.

An organization's own working capital, indicated in Item B8, is supplemented by appropriations from the budget whenever profits fall below expenditures.

At the end of the balance sheet of income and expenditures appears the total which indicates the excess of appropriations from the budget over payments into the budget and vice versa.

FORM 6. BALANCE SHEET OF INCOME AND EXPENDITURES

For 194__

(in thousands of rubles)

Items		Plan for 194__ (Current Yr)	Scheduled Work Completed From 1st of Yr on 1 194__	Expected Completion During 194__	Plan for 194__ (Planned Yr)	Plan for 194__ by Quarters			
1	2	3	4	5	6	I	II	III	IV
1	2	3	4	5	6	7	8	9	10
A. Income									
1.	Receipts from planning and field work completed (in contract prices)								
2.	Receipts from sale of published materials (standard plans, blueprints, tracing paper, etc.)								
3.	Receipts from other activities								
4.	Decrease in working capital								

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Form 6 (Contd.)

Items	1	2	3 Plan for 194 (Current Yr)	4 Scheduled Work Completed From 1st of Yr on 1 194	5 Expected Completion During 194	6 Plan for 194 (Planned Yr)	Plan for 194 by Quarters				10
							I	II	III	IV	
5. Other											
Totals											
Profit included in above											
6. Excess of expenditures over income											
B. Expenditures											
1. Expenditures for completing planning and field work com- pleted											
2. Expenditures for publishing											
3. Expenditures for other activities											
4. Capital repair expenditures taken from sinking fund											
5. Capital investments											
6. Expenditures not provided for in plan											
7. Expenditures for training labor forces											
8. Increase in working capital											
9. Other											
Total expenditures											
10. Total expenditures canceled by incomes distributed within the organization (depreciation deductions, etc.)											

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Form 6 (Contd)

Items	Plan for 194 (Current Yr)				Scheduled Work Completed From 1st of Yr on 1. 194		Expected Completion During 194		Plan for 194 (Planned Yr)		Plan for 194 by Quarters			
											I	II	III	IV
1	2	3	4	5	6	7	8	9	10					
11. Total expenditures minus those canceled by funds distributed within the organization														
12. Excess of income over expenditures														
C. Relation to budget														
1. Payments into the budget														
a. Deductions from profits														
b. Withdrawals from working capital surplus														
c. Other payments														
2. Appropriations from the budget														
a. For capital investments														
b. For expenditures to train labor forces														
c. For replenishment of working capital														
d. Other														
3. Excess of appropriations from budget over payments into budget														

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Chief of Planning and Finance Section

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FORM 7. ACCOUNT FOR AN ORGANIZATION'S
OWN WORKING CAPITAL.

For 194__

(in thousands of rubles)

Indexes		Plan for 194__ (Current Yr)	Plan for 194__ (Planned Yr)	Change	
				Increase	Decrease
1	2	3	4	5	6
1.	Total production program				
	Including:				
	a. Planning work				
	b. Field work				
2.	Working capital (in per- centages):				
	a. For planning work				
	b. For field work				
3.	Amount of working capital needed:				
	a. For planning work				
	b. For field work				
4.	Sources of working capital:				
	a. Fixed debits				
	b. Own working capital				
	c. Other				
5.	Working capital on hand on _____194__				
	Including:				
	a. Fixed debits				
	b. Own working capital				
	c. Other				

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Form 7. (Contd.)

<u>Indexes</u>		Plan for	Plan for	<u>Change</u>	
		194__ (Current Yr)	194__ (Planned Yr)	<u>Increase</u>	<u>Decrease</u>
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
6.	Surplus of own working capital				
7.	Deficit of own working capital				

Director of Planning Organization

Chief of Planning and Finance Section

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